

3
**ARTICLE APPEARED
 ON PAGE 3**

Pressure Rises for Congress Probe, Special Prosecutor in Iran Scandal

More High-Level Ousters In White House Sought As Controversy Widens

By JOHN WALCOTT
 And ANDY PASZTOR

Staff Reporters of THE WALL STREET JOURNAL

WASHINGTON—The Reagan administration's Iranian crisis is coming to a boil with the almost certain appointment of a special prosecutor and a Watergate-style congressional investigating committee, amid renewed calls for more high-level ousters.

Yesterday, Senate Republican leader Robert Dole of Kansas said President Reagan this week should call a special session of Congress to form a special House-Senate committee to investigate the mushrooming Iranian scandal. Senate Democratic leader Robert Byrd of West Virginia also called at least for a Senate select committee, although he said he didn't like the idea of a special session and would prefer for the select panel to begin in January, when the Democrats take control of the Senate.

And Senate Foreign Relations Committee Chairman Richard Lugar, an influential Indiana Republican, called for a "new staff" at the White House, including the replacement of Chief of Staff Donald Reagan.

There also were demands for a special prosecutor from such politicians as former Vice President Walter Mondale and New York Democratic Sen. Daniel Patrick Moynihan, who also called on the president to move quickly to clean up the affair. "He's got about 48 hours . . . or it will be lost," Sen. Moynihan said on NBC-TV's "Meet the Press."

Separately, there is increasing evidence that the clandestine dealings with the Iranians involved a broad spectrum of individuals inside and outside the Reagan administration. Moreover, it seems clear that these dealings began well before President Reagan officially sanctioned them in January 1986.

Administration officials said that an outside consultant on terrorism named Michael Ledeen first negotiated a price for the TOW antitank missiles that the Iranians wanted in the autumn of 1985. But the Pentagon complained that Mr. Ledeen had

negotiated an illegal "giveaway" price to the Iranians and demanded that the price be sharply increased. Mr. Ledeen has refused to comment on his role in the Iranian operation.

Meese's Ties

Over the weekend, the Los Angeles Times reported that Attorney General Edwin Meese had decided to seek appointment of an independent prosecutor to investigate the Iranian affair. Justice Department officials yesterday denied that a final decision had been made, but some administration aides conceded that such an appointment appears inevitable, perhaps within the next few days.

Given Mr. Meese's personal ties to Mr. Reagan and his prior legal advice on arms sales to Iran, even some administration officials contend he should remove himself from the investigation—preferably by seeking appointment of an outside investigator. Speaking on behalf of Mr. Meese, Justice Department spokesman Patrick Korten said yesterday that everybody at the department has been "thinking about the point" at which Mr. Meese will have to decide on whether to ask for a court-appointed prosecutor.

President Reagan, who returned here yesterday from a California vacation, said, "We'll do everything necessary to get the truth and make the truth known."

Republicans and Democrats emphasized yesterday that extreme and speedy measures were required to begin mending President Reagan's wounded credibility. Sen. Dole, on ABC-TV's "This Week With David Brinkley," said the Iranian crisis will "go on until the president seizes the initiative" by convening a special congressional session and cooperating with lawmakers.

'Protracted Paralysis'

Sen. Moynihan said there would be a "protracted paralysis" within the administration if the president doesn't act quickly. On the same program, Sen. Lugar, saying that administration policy "is in shambles," asserted that Mr. Reagan "needs a first-class, big-league staff."

Amid the growing confusion, the balance of Mr. Reagan's presidency may hinge on the answers to three main questions about the arms sales to Iran and the financing of Nicaraguan rebels. Have Mr.

Reagan and his advisers told the truth? Has the administration broken the law? And where has the money Iran paid for U.S. arms gone?

Regardless of how these questions eventually are answered, the Iranian scandal already has damaged the administration by presenting a spectacle of buck-passing and back-stabbing. Many of the charges and countercharges now appearing in the press reflect attempts by officials and institutions to distance themselves from the mess, or else blame it on their bureaucratic rivals.

The administration still can recover from the scandal, especially if a Justice Department criminal investigation turns up no evidence of felonies. But the administration's probe of its own actions has itself been under fire, and if investigations find that the White House has been lying or has flouted the law, the administration could be decimated and the Democratic Congress could seize control of the national agenda.

(The disclosures surrounding the arms sold to Iran could force President Reagan, who for six years pursued an activist and often covert foreign policy, to settle for an overt and probably passive program during his remaining time in office. See story on page 24)

Because it bears directly on Mr. Reagan's own credibility, the most important question is: When did the president and his top advisers first learn that profits from U.S. arms sales to Iran were being funneled to Nicaraguan rebels?

Mr. Meese said communications intercepts first revealed hints of the operation on Nov. 21 and Mr. Reagan has said he didn't hear of the secret financing to the rebels, known as the Contras, until the following Monday.

No official has said President Reagan knew about the diversion of funds to the Contras before Nov. 21. Mr. Meese has said the secret operation was run almost entirely by Marine Corps Lt. Col. Oliver North, a National Security Council staff member who was dismissed last week.

There has been continuing bipartisan skepticism that the Iran and Nicaraguan operations could have been conducted by National Security Council staff members without the knowledge of senior White House staff members. "I don't think Ripley would believe that," Sen. Dole said yesterday.

Mr. Reagan, Secretary of State George

Continued

STAT

Shultz, and Adm. William Crowe, chairman of the Joint Chiefs of Staff, all say they were kept largely in the dark. Pentagon officials said Adm. Crowe first got wind of the arms sales to Iran, though not of the Nicaraguan connection, from a casual conversation he overheard at a meeting of the top-level National Security Planning Group earlier this year.

But some of the officials who helped to plan and execute the secret operation said the president, Vice President George Bush, and all Mr. Reagan's senior foreign-policy and national-security advisers have known the outlines, though not the "operational details" of what was going on for 18 months. Both the Defense Department and the Central Intelligence Agency, these officials insist, helped remove weapons and spare parts from U.S. arsenals and ship them to Iran even before Mr. Reagan approved the sales last Jan. 17 in a formal intelligence "finding."

Apparent Discrepancy

In fact, these officials said, the Army complained last autumn that Mr. Ledeen, a senior fellow at Georgetown University's Center for Strategic and International Studies who was acting as a consultant to the National Security Council, had negotiated a "giveaway" price for the TOW anti-tank missiles.

Mr. Ledeen and an Iranian arms dealer, Manucher Ghorbanifar, had agreed on a price of less than \$3,000 per missile, the sources charged, but the price was renegotiated to \$3,469 each after Army officials complained that it would be illegal to sell weapons for less than the cost of replacing them.

Some White House aides also say State Department officials who now are claiming they were kept in the dark, "groused" last summer about the wisdom of U.S. arms sales to Iran, and about a secret trip to Tehran last July by former National Security Adviser Robert McFarlane and Lt. Col. North.

Charge Involving Regan

Intelligence sources conceded that both the CIA and the National Security Agency, and perhaps the State Department as well, picked up evidence of a new influx of aid to the Contras earlier this year, when aerial shipments of material to the Nicaraguan rebels from a base in El Salvador picked up markedly.

Finally, these same White House officials insist that Mr. Regan approved the Iranian operation—and the Nicaraguan connection—every step of the way. Mr. Regan denied the charge last week.

The second critical question is whether any officials broke the law, either by carrying out the secret operation or by trying to keep the details of it from Justice Department and Federal Bureau of Investigation and congressional investigators. Two legal questions loom largest: Did administration officials obstruct justice by destroying pivotal documents and did the adminis-

tration begin selling arms to Iran before the president early this year waived an executive order prohibiting such sales?

Destruction of Documents

Law enforcement officials said they haven't verified allegations by intelligence sources and news reports that Lt. Col. North may have destroyed certain documents before the president fired him last Tuesday.

"All types of documents are routinely shredded at the NSC every day, and it isn't clear whether we're dealing with something out of the ordinary," asserted one official familiar with the investigation.

Sources close to Lt. Col. North said that during most of the weekend on which he allegedly was destroying evidence, he was questioned by Justice Department lawyers. These sources said Lt. Col. North met with Justice Department officials on Nov. 22 from 7:30 in the morning until late at night, and again the following day until midafternoon, when they said he went home.

Issue of Legality

Although congressional Democrats have suggested that Mr. Reagan's men apparently broke the law, several administration officials asserted that the operation itself may not have been illegal, because no U.S. government aid was given to the Nicaraguan rebels in violation of a two-year congressional ban on aid to the Contras.

Lt. Col. North, these officials said, turned to Mr. Ledeen and other consultants to negotiate the price of weapons sold to Iran and to resupply the Contras in part to sidestep congressional restrictions on U.S. aid to the anti-Sandinista rebels.

"If no American aid was involved and if the CIA was not the middleman for the Contras, this thing may have bent the law and violated . . . its spirit, but not actually broken it," asserted one administration official.

Over the weekend, White House deputy spokesman Dan Howard said that "we're prepared to cooperate" with pending congressional inquiries, "but we have to work out some ground rules." The White House is saying it will agree to let Lt. Col. North, former National Security Adviser John Poindexter and Mr. McFarlane testify if they can be guaranteed not to have their testimony used against them in any possible criminal proceedings. Legal experts suggest this is unusual and unlikely.

Mr. Regan yesterday suggested he might invoke executive privilege rather than testify on the Hill. "I can't guarantee that (I'd testify) because the advice I give the president obviously is a matter of executive privilege." He added, "I haven't been asked . . . and I don't know what I'd add to what they already know."

According to intelligence sources, Lt. Col. North is to appear this afternoon for preliminary questioning by the Senate Intelligence Committee and its staff.

Another pivotal legal question is whether the administration began sending arms to the rebels without a formal order allowing it to do so. Administration officials now concede that at least one, and perhaps two, shipments of U.S. arms were sent to Iran via Portugal last fall, includ-

ing one shipment last November disguised as oil-drilling equipment.

In fact, the officials said, a CIA-chartered cargo jet had to return to Iran to recover some Hawk antiaircraft missiles after the Iranians refused to accept them. The Iranians, the sources said, demanded and eventually got an improved version of the missile that had been bought by the late Shah Mohammed Reza Pahlavi's regime, but never delivered.

A third main avenue of investigation, Justice Department officials said, is whether some private individuals made windfall profits from the secret operation, which U.S. officials have estimated may have involved as much as \$42 million in Iranian payments to numbered Swiss bank accounts.

Profiting From the Sales

In one \$19 million transaction, House Majority Leader Jim Wright (D., Texas) charged last week, the Contras got \$3 million and private arms merchants grossed \$4 million.

By checking memos, reconciling bank records, and interviewing some of the participants, administration officials said investigators hope to determine exactly how much money the Iranians paid for U.S. arms, how much was deposited in secret Swiss accounts and how much eventually made its way to the Contras.

Mr. Meese has said that no American "actually handled any" of the funds diverted to the Contras. But Justice Department officials are investigating whether Lt. Col. North, some of his associates, or middlemen, may have assisted in the movement of the funds.

On Friday, administration officials said the investigators hadn't yet received Swiss bank records related to the Iranian arms sales. But Justice Department officials apparently believe they won't face major legal problems in obtaining the documents.

Justice Department Role

The Justice Department's own performance in the case also has become an issue. Officials confirmed that for at least two months—and possibly much longer—the FBI had been investigating the legality of the aid flowing to the Contras.

After a chartered supply plane was shot down in October, the FBI conducted a "preliminary inquiry," but Justice Department officials said the inquiry failed to turn up any violations of U.S. laws. That initial finding is being reviewed as part of the overall investigation.

Now, however, administration officials say the plane that was downed was part of an aerial resupply operation run by retired Air Force Maj. Gen. Richard Secord—another of Lt. Col. North's consultants—and was supported largely by the proceeds of the Iranian sales.

Officials now say they want to know how much profit, if any, Gen. Secord and others, including Iranian and Israeli arms dealers, made on their operations. One of the Israeli participants in the scheme, arms trader Yaacov Nimrodi, denied yesterday that he had made a profit on the operation.